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Canadian International Power Company Limited

ANNUAL REPORT
31ST DECEMBER

1967

The Cover: The picture of the lineman of The Barbados Light and Power Co. Ltd. working on a rural extension, is representative of the employees of all of the subsidiaries of Canadian International Power Co. Ltd. who through their diligent efforts, provide the service areas with dependable electric light and power service, thereby participating in the social and economic growth of the community.

In Barquisimeto, Venezuela, the "City of the Sunsets", C.A. Energía Eléctrica de Barquisimeto not only gives beauty to the night, but supplies, day and night, the all-important energy which means so much to the expanding industrial sector of the city.

Canadian
International
Power
Company
Limited

"Human Bedrock"

Canadian International Power Company Limited and its 99.5% owned subsidiary, International Power Company Limited, have operated subsidiaries in the Caribbean and Central and South America since 1925. These electric utilities are investor owned, business managed, tax paying corporations. As business managed electric utilities, they provide the electric service which is a basic component of an efficient physical infrastructure for the economic development of Barbados, Bolivia, El Salvador and Venezuela, which are among the developing nations of the Western Hemisphere.

As progress is a function of a man's capacity to work, of his desire to excel and, therefore, of his ability to produce wealth, this Company is deeply concerned with the "Human Bedrock" of these nations and its development. This report will attempt to show briefly what the Company is doing to develop not only physical infrastructure, but the "Human Bedrock".

This organization holds a firm belief in the need for dedication to human values. We believe that such dedication is good business. It ensures acceptance of private enterprise in a developing area; it promotes the expansion of wealth to new sectors of the population, and provides growth for industry, all of which continues to benefit the investor. This need was never better expressed than by Dr. Alfredo Anzola Montauban, President of the Foundation of the Creole Petroleum Corporation, in his proposal "Priority Nature of Social Bedrock" to the Inter-American Council for Trade and Production. We are indebted to Dr. Anzola for his presentation and in this report have used some of his expressions.

Canadian International Power Company Limited

Record of Ten Years

(1958 to 1967 Inc.)

New generating, transmission and distribution facilities were installed at a cost of $85,629,076 to supply additional service, and equipment was replaced at a cost of $8,342,327, making total expenditures on new and enlarged facilities of	$ 93,971,403
Additional minority shares of International Power have been purchased for cash, bringing Canadian International Power holdings to 99.56% at a cost of	766,060
Shares of 6% Preferred Stock, 1956 Series, purchased to December 31, 1965, at a cost of $6,643,771 and balance redeemed on January 5, 1966, for a total cost of	24,522,683
Issue on January 4, 1966, of 350,000 Shares 5.2% Preferred Stock of a par value of Can. $20 per share, less issue expenses, less shares purchased to December 31, 1967	(5,937,314)
Investments in notes and stocks of Fiveca S.A. less partial repayments of notes	1,525,872
Investment in shares of Hemisphere Management Services Limited, a wholly-owned company established to provide management services to the C.I.P. group	46,355
Cash dividends have been paid on the Preferred and Common Stocks of Canadian International Power in total amount of	27,592,380
Total	$142,487,439

	1967	1957
Cash and Bank Deposit Receipts	$24,873,011	$8,426,994
Consolidated Operating Revenue	40,492,345	18,113,517
Earnings – for Common Stock	11,427,405	6,363,300*
– per share	$4.92	$2.79*

*Pro-forma, based on four quarterly dividends on the preferred stock in 1957.

Three new electric properties were acquired, namely, The Barbados Company and the Perijá and Carora Companies in Venezuela. The Demerara Electric Company in British Guiana was sold and the operating properties of the Monterey Railway, Light & Power Company were sold.

Letter to the Shareholders

TO THE SHAREHOLDERS:

We are pleased to report on the Company's operations for the year 1967, and express our sincere appreciation to the employees in the operating companies and head office for their loyalty and fine performance.

Consolidated earnings on the common stock for 1967 amounted to $11,427,405 or $4.92 per share which compares with $11,046,203 or $4.77 per share in 1966.

Operating revenues in 1967 increased 10.8%, while operating income after operating expenses, taxes and depreciation rose 12.9%. The increase in kilowatt-hour sales was 10.5% over 1966. More detailed explanations are covered on pages four to eight under OPERATIONS REVIEW.

In May 1967 Mr. Frederick Krug retired as Chairman of the Executive Committee. Mr. Krug first joined the organization in 1922 and during his 45 years of active employment he served the Company in many capacities. For a number of years he was President of International Power Company Limited, and when Canadian International Power Company Limited was formed in 1956 he became its first President. We are pleased to report that Mr. Krug will remain as a Director, so that the Company will continue to benefit from his vast knowledge and years of experience.

In February 1968 Mr. Frederic J. Ahern was elected a Vice-President. Mr. Ahern has been a Director since 1962, is a member of the Executive Committee and also serves as a Director of several of the Company's subsidiaries.

We have now completed the first full year during which our Common Shares have been traded on the American Stock Exchange. The results have been pleasing in that there is a broadening base of interest in our Company among the members of the financial community, both in Canada and the United States.

Capital expenditures in 1967 amounted to $15,459,573 and a capital expenditure program of $16,275,000 has been approved for 1968. More detailed explanations are given on pages eight and nine under CAPITAL EXPENDITURES REVIEW.

In this Annual Report, we have endeavoured to bring you part of the story of our involvement with the social and economic aspirations of the people in the countries in which we are doing business. This participation is not only essential but also is rewarding and our continued success will be due to a great extent on our willingness not only to enjoy our civic rights, but to recognize and accept the responsibility of our civic duty.

We discharge our basic social obligation by providing a reliable source of electric service at reasonable rates to the homes, farms and industries in the urban and rural areas which we serve, thereby helping to raise the standard of living in these areas.

We offer an opportunity to the nationals of the countries in which we serve to participate in the economic growth of the Company through the purchase and ownership of shares of the operating companies. Pursuant to this policy, shares in our companies in Barbados and Venezuela have been sold locally. This program has been very well received both by local investors and the employees of the various companies. In Maracaibo, for instance, some 83% of the employees of the company are now shareholders. We hope to extend this program to Bolivia in the not too distant future. In El Salvador for some time now employees have been encouraged and assisted to purchase shares that have come on the market.

We encourage all levels of personnel of the operating companies to participate in local service clubs and area development organizations in order that their talents and the human resources of the Company may be used to contribute to the social and economic advancement of the community.

Our personnel policies, which include employment of local staff at the highest level for which trained personnel is available, are administered to provide trained talent at lower levels through vocational training programs. Scholarships for local and foreign study are also provided to develop nationals for employment in technical and managerial positions.

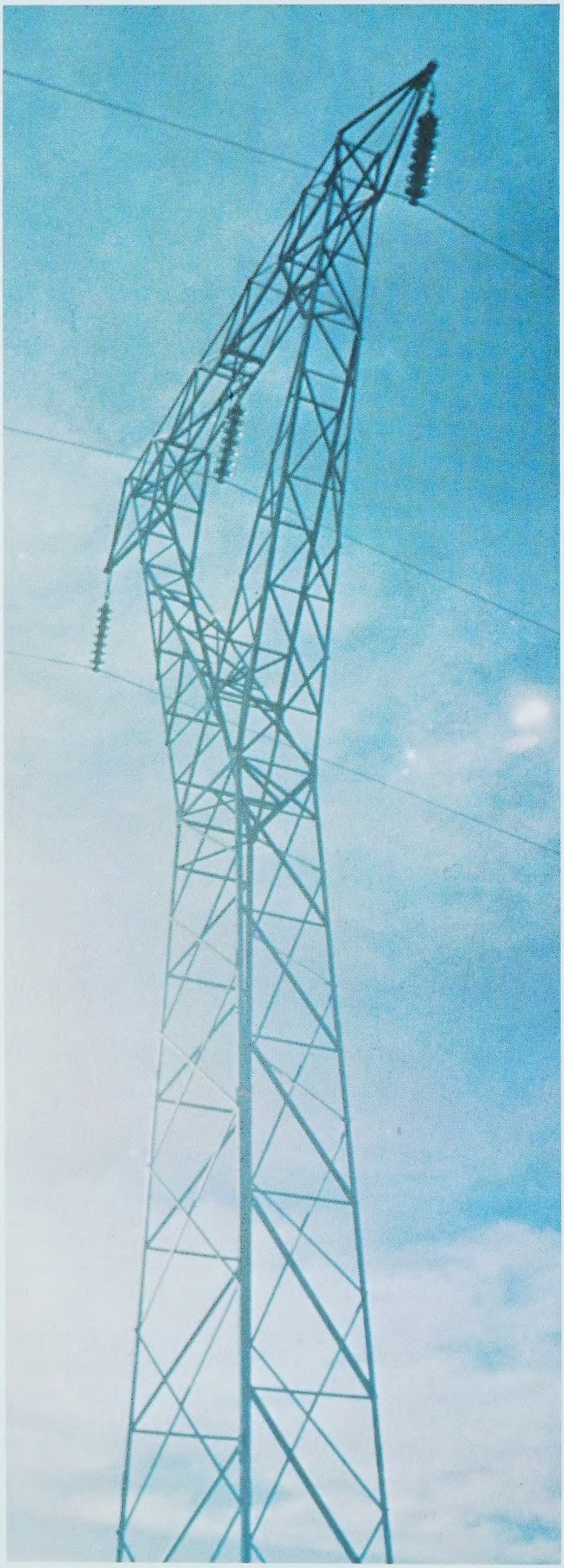
As a result, our relations with the communities and countries we serve are excellent. This participation has been most rewarding in human terms, and has contributed to the ever increasing growth and success of our operation.

For the Board of Directors,

Wm. M. Hickey
Chairman.

M. G. Taylor
President.

Montreal, April 5, 1968.



Canadian International Power Company Limited

Operations Review

Earnings, Sales and Customers

Charts on page eleven and Operating Data in the Financial Section indicate the increases in earnings, sales and customers. All dollar figures in the Annual Report are in terms of United States dollars, unless otherwise stated.

Operating revenues in 1967 increased by 10.8% to $40,492,345 which compares with $36,535,152 in 1966.

Kilowatt-hour sales likewise increased by 10.5% and at December 31, 1967, the number of customers was 363,990, representing an increase of 21,362 or 6.2% over 1966.

While these increases were substantial, they were somewhat lower than had been anticipated. This lower than anticipated growth was due principally to cooler than normal weather in Venezuela, where air-conditioning represents a substantial load. Also, in Bolivia, where all generation is hydro, there was a shortage of water as a result of a drought more severe than anything previously recorded. Water flows are now back to normal.

Operating income after expenses, depreciation and taxes, however, grew by 12.9% from $10,756,088 to $12,141,881.

A more modest gain in consolidated earnings on the common stock from $11,046,203 or $4.77 per share in 1966 to $11,427,405 or $4.92 per share in 1967 is the result of higher interest charges and a reduced construction interest credit. The very substantial additions to the properties in recent years financed in part through borrowings, account for the higher interest charges. These property additions, of course, reflect the increasing demand for electricity and will therefore add to the net earnings in future years.

Dividends

The regular quarterly dividends on the 5.2% preferred shares of Canadian International Power outstanding in 1967 amounted to the equivalent of U.S. $325,939 against $331,961 in 1966. During 1967, 6,325 shares of preferred stock were purchased for retirement through the preferred stock purchase fund at a cost of Can. $110,136.

In the first quarter of 1968 the dividend on the common stock was increased to an annual rate of $1.80 per share, compared with $1.60 per share in 1967. This is the fourth increase in the dividend rate in three years.

Financing

It is the policy of Canadian International Power for its subsidiaries to foster the development of capital markets in the countries of their operations and to encourage local ownership of their securities.

During the year, the Maracaibo subsidiary sold at par of 100 bolivars each (equivalent to $22.22), a total of 36,172 common shares, mainly to residents of the Maracaibo area. Local investor participation now stands at 1.9% of the stock of this subsidiary.

In recent months, the Maracaibo and Barquisimeto subsidiaries offered a total of Bs. 20,000,000 of 10% 10-year bonds at 100% on the Venezuelan market. The entire issues were sold and initial transactions on the Miranda Stock Exchange in Caracas were at 101%.

United States Interest Equalization Tax

The U.S. Internal Revenue Service has ruled that the Company is a less-developed country corporation for purposes of the Interest Equalization Tax for the calendar year 1968. Therefore, no Interest Equalization Tax will be imposed for any acquisition of stock of the Company made during 1968 and on or before March 31, 1969. The Company has received similar rulings for the preceding years.

Public Relations

The Company is particularly conscious of the value of a good public image. It continuously strives to achieve this end by providing high quality service, economically, efficiently and courteously, and by strongly encouraging its subsidiaries and their employees to assume obligations in community affairs. To measure the results of their efforts, public opinion surveys are carried out periodically. As mentioned in the 1966 Annual Report, the latest survey was undertaken early in 1967.

It is gratifying to note the survey results indicate that the customers have a high opinion of the courtesy and efficiency of the companies' employees and of the quality of electric service supplied. The subsidiary companies are well identified as investor-owned utilities in their respective communities.

In Venezuela, the survey indicated a general decline in the regard for Government-operated utilities in favour of jointly owned enterprises. In other countries, opinion continues equally divided between private and state ownership.

In the years to come, we will strive to maintain and improve the quality of service and community relations.

Venezuela

Venezuela enjoyed yet another good year in 1967, with advances experienced in all major branches of the economy. Stimulated by the increase in oil production, the Gross National Product increased more than 6% for the year and foreign exchange reserves grew nearly $100 million to $867 million. This amount exceeds the total of all other South American countries combined, excluding Argentina. The currency remained stable at 4.50 bolivars to the U.S. dollar and the President of the Republic reported a surplus in the National Budget for the fiscal year 1966-67.

The petroleum industry reached record production of over 3½ million barrels per day during the year, up over 5% from 1966. Southern Lake Maracaibo and the Gulf of Venezuela give promise of appreciable new reserves and progress is being made to develop a viable formula for service contracts that will permit the resumption of active exploration.

Companies operating in Venezuela are demonstrating continuing confidence in this progressive nation. Subsidiaries of Standard Oil of New Jersey and Royal/Dutch Shell, as well as others, have made plans to invest approximately $200 million for processing plants to reduce the sulphur content of Venezuelan crude to enhance its marketability abroad. Other companies such as Union Carbide, Allied Chemical, Commonwealth Oil Refining and Goodyear Tire & Rubber are actively planning the development of a Venezuelan petrochemical industry, a major part of which would be located near Maracaibo. Investments of many millions of dollars will be involved. A contract for the supply of electric energy is being concluded by the Maracaibo Company with Venezuelan Sun Oil Company, a major oil producer, on the west side of Lake Maracaibo, which is also entering the field of petrochemicals. As a consequence of the development of a petrochemical industry, the Maracaibo Company expects to expand its service area in the District of Miranda east of the Lake.

On February 7, 1968, Bolivia, Colombia, Chile, Ecuador, Peru and Venezuela officially created the Andean Development Corporation (ADC) with an initial capital of $100 million. The corporation will help to finance the establishment, modernization and development of industries within the subregion of the Latin American Free Trade Association (LAFTA).

In July 1967 the Maracaibo Company built a transmission line from its northern system to the town of Maicao in northeastern Columbia. This voluntary undertaking to

provide reliable electric service from a modern distribution system in another country has given the Company much favourable publicity.

The year 1967 was the first year of the Company's operation supplying the oil fields of Compañía Shell de Venezuela in the La Concepción area west of Maracaibo, following the purchase of the plant and distribution system just a year ago. The La Concepción plant has been chosen as the site for the installation of a series of gas turbines to increase the overall Maracaibo power supply.

In Maracaibo, the kilowatt-hour sales increase of 18.2% during 1967 in part results from acquiring the load of Shell's La Concepción oil fields. Excluding Shell, the increase of 9.2% was below expectations due to cooler than normal weather, resulting in reduced purchases for air-conditioning. The city of Barquisimeto registered a growth in electricity sales of 10.8% with the Carora and Perijá areas showing increases of 14.5% and 10.2% respectively.

Early in the year, shares of the Maracaibo Company were placed on sale and 765 new Venezuelan shareholders were added, many of them employees of the Company. Later in the year, the Maracaibo Company issued Bs. 15,000,000 ($3,333,333) and the Barquisimeto Company Bs. 5,000,000 ($1,111,111) of 10-year 10% Bonds. There was an excellent demand for these issues by local investors, in the companies' operating areas as well as in Caracas.

Bolivia

During 1967, international Communist guerillas led by Ernesto "Che" Guevara, attempted to make Bolivia another Communist country. The people of Bolivia, like other Latin Americans, did not join them. Rather, the Bolivian army searched out and put down the guerilla uprising and destroyed Guevara, thus ending a major communist threat to the whole of Latin America.

The Mining Code enacted in 1965 continues to attract investments to Bolivia. United States Steel Corporation and Engelhard Minerals & Chemicals Corporation have formed the Mina Matilde Corporation to develop a large zinc deposit on the shores of Lake Titicaca with reserves of over 3 million tons. An investment of the order of $11 million is planned. International Metal Processing Corporation Limited has contracted with the Government mining corporation to process the tin tailings at their Catavi mine south of Oruro, also involving a substantial investment. Bolivian Power Company has concluded contracts to supply electric energy to these two entities. At Avicaya, the $8 million tin dredging property of W. R. Grace and Company has begun operations. In addition, several smaller mines are being opened and established mines are expanding. There was some easing of tin prices during the year, but fluctuations are minimized by the operation of the Tin Council in London, with the co-operation of the General Services Administration in the United States.

Further exploration continues to prove out petroleum reserves in Bolivia, and new gas discoveries attracted considerable attention during 1967. It has been reported that Bolivian Gulf Oil now has gas reserves of 3 to 6 trillion cubic meters, and the Bolivian State Oil Company also has found impressive fields. Export of Bolivian crude oil by Bolivian Gulf during 1967 was approximately 30,000 barrels per day.

In the city of La Paz, a substantial increase in the construction of residential and commercial buildings has occurred. Some ten multi-story commercial buildings are presently in various stages of construction in the city, and in the suburbs residential construction is at a new high.

The estimated increase in the Gross National Product in 1967 is 5.6%. Membership in the Andean Development Corporation (see "Venezuela") is expected to materially help Bolivia's future economic development.

Kilowatt-hour sales for the year were below 1966, partly as a result of lower water flows and partly as an economy measure by domestic consumers following the increase in tariffs reported last year. However, as domestic electricity rates in La Paz are still the lowest in South America, sales recovered in the last quarter and showed a 6.4% increase over the same period of 1966. With building construction on the increase, growth in electricity sales is continuing in 1968.

El Salvador

President-elect Fidel Sánchez Hernandez took office in July, to begin a five-year constitutional term. The Gross National Product is estimated to have increased 3.0% in 1967. While increasing importance is being given to the agricultural sector, the policy of attracting new industries was maintained and the Central American Common Market continued to flourish. Credit restrictions were introduced by the Central Bank to counteract reduced foreign exchange earnings from lower coffee prices and a smaller cotton crop. This policy was successful and foreign exchange reserves remained at a satisfactory level.

During the year kilowatt-hour sales increased by 10.3%, compared with 11.8% in 1966. The rapid rate of growth has therefore continued. As noted in last year's Annual Report, our subsidiaries in El Salvador completed at the end of 1966 a comprehensive program of rural electrification. It is expected that in 1968 El Salvador will become the first in Latin America to have electric power lines serving the entire country.

In May 1967 Compañía de Alumbrado Eléctrico de San Salvador simplified its corporate structure by acquiring the assets and liabilities of its subsidiary, Compañía Eléctrica de Oriente. This step makes possible greater operating and administrative efficiency.

In the area of employee relations, a sportsfield was inaugurated early in 1968, for the purpose of providing healthy recreation for the employees and their children. A pension plan was also introduced which we believe is one of the first of its kind in El Salvador, thereby providing greater security for the workers on retirement.

We take pride in mentioning that Ingeniero Manuel Cano G., an official of the Salvador Company, a page of whose diary can be found elsewhere in this Annual Report, was awarded the medal of "Diego de Holguín"* by the Mayor of San Salvador, in recognition of his services to the City.

*don Diego de Holguín was the first Mayor of San Salvador when founded in the year 1525.

Barquisimeto market farmer proudly views his irrigated crop. C.A. Energía Eléctrica de Barquisimeto provides the economical energy for his pumping.

Total farm electrification in the Perijá District is common through the facilities of La Electricidad de Perijá C.A.

Barbados

October of 1967 marked an event of historic significance, wherein the new Republic of Barbados became the third English-speaking and the twenty-second member of the Organization of American States.

During the year, steps were taken by English-speaking Caribbean countries to establish a Regional Development Bank, with estimated equity capital of $25,000,000. A substantial part of the capital is to be contributed by Canada, the United Kingdom and the United States. Caribbean leaders have also agreed to launch a Free Trade Area — CARIFTA. These events will contribute much to the development of the area.

Economic activity in Barbados continued at a high level throughout 1967, supported by a fast growing tourist industry and a sugar crop of 200,000 tons, the second largest on record. The economic outlook for 1968 is good and tourist activity continues strong. There has also been a firming-up of sugar prices and new light manufacturing industries continue to be established. A seven-story 112-room Holiday Inn is under construction, to open in December of 1968.

Following the devaluation of the pound sterling on November 18, the East Caribbean dollar was similarly devalued by 14.5%. Fuel, which is imported, is the main expense of the Company that has been affected by devaluation. This cost increase, however, is recovered through an automatic fuel adjustment clause in customer rates. To overcome increases in the cost of other imports, the Company to the extent possible, is directing its purchases of material and equipment to the United Kingdom and countries that have also devalued. It is

expected that the reduction of earnings in terms of U.S. dollars will be recouped through growth in a short time.

The continuing programs of staff training, sales promotion, mechanization of work methods and reorganization are producing very beneficial results in growth, improved service and community relations.

Spurred by Company efforts and economic activity, sales of electricity increased by 21.5% in 1967, compared to a growth of 17.6% in 1966.

Mexico

Proceeds of further Notes falling due have been received from Nacional Financiera S.A., an agency of the Government of Mexico, in respect to the sale price of the physical assets of Monterey Railway, Light & Power Company. The sum of $3,045,672 has been received to date on account of principal. Under the sale agreement $2,245,672 of this amount plus receipts of principal in the ensuing nine years, are required to be reinvested in Mexico.

The interest portion included in the Notes, for which there is no requirement to reinvest in Mexico, was used to service obligations of the Monterey Company held by International Power Company Limited. Part of these funds were also appropriated to pay in September, one year's dividend arrears on the 5% Cumulative Preference Stock of the Monterey Company.

Recently a purchase was made of $200,000 principal amount of Aluminio S.A. de C.V. 7½% tax-free Sinking Fund Debentures, 1980, at a price to yield 8.5%. This company is engaged in the production of aluminum ingots in Mexico. Aluminum Company of America (ALCOA), which has a major interest in Aluminio S.A. de C.V., has agreed during the life of the 7½% debenture issue to own not less than 35% of the common stock of the latter. ALCOA has also agreed in certain circumstances to provide additional working capital.

Capital Expenditures Review

In 1967 capital expenditures amounted to $15,459,573, which compares with $16,829,398 in the previous year. A capital expenditure program of $16,275,000 has been approved for 1968 to provide for the expansion and modernization of the facilities commensurate with growth and technical requirements.

Venezuela

The installation of a 66,000 kilowatt steam electric generating unit in Maracaibo and a 14,400 kilowatt gas turbine in Barquisimeto in 1966 provided sufficient capacity to carry the load requirements of these two major Venezuelan cities well into 1968. During 1967 capital expenditures were dedicated to increasing sub-station and distribution capacity. In addition to urban distribution, including modern underground systems, over a million dollars was spent in rural line construction to increase the size of the service territories. Particular attention was given to the cattle raising and milk producing areas near Carora, and in the Colón and Perijá Districts.

To cover the near future load growth, engineering studies have determined the most economic method to be by gas turbines. Two of these units at 15,000 kilowatts each are on order and the first will go into service in October 1968 to be followed by the second in October 1969.

Bolivia

Stage II of the Chururaqui Plant, which was placed in service late in 1966, was officially inaugurated by the newly elected President of Bolivia, General René Barrientos Ortuño, on April 28, 1967.

Modern Maracaibo is reliably served by C.A. Energía Eléctrica de Venezuela.

The development of storage on the Tiquimani River and construction of the canals and tunnels for diverting these waters into the Zongo Valley are on schedule and are planned for service by mid-1968. The access road to the new 27,380 kilowatt Harca Plant below Chururaqui has been completed and drilling of 2.1 miles of tunnel is well advanced. Generating equipment for this plant is on order and it is expected that it will go into service on schedule by mid-1969. A third 66,000 volt transmission line from the generating plants to La Paz was completed and went into service in October 1967. This new transmission line and one of the existing lines can be converted for 115,000 volt operation when the La Paz load requires the additional transmission capacity.

El Salvador

The growing system necessitates larger operational and service facilities. To meet this demand and modernize operations, land has been acquired for a new distribution center in San Salvador. Engineering design has commenced and it is planned to have the center ready for service in 1969. New regional operations buildings were constructed in San Miguel and Santa Tecla. This is the first stage of a program to modernize and upgrade all regional offices in line with local progress.

Distribution voltage in many districts of the city of San Salvador is being raised from 4,000 volts to 24,000 volts to allow for growth and better service.

Barbados

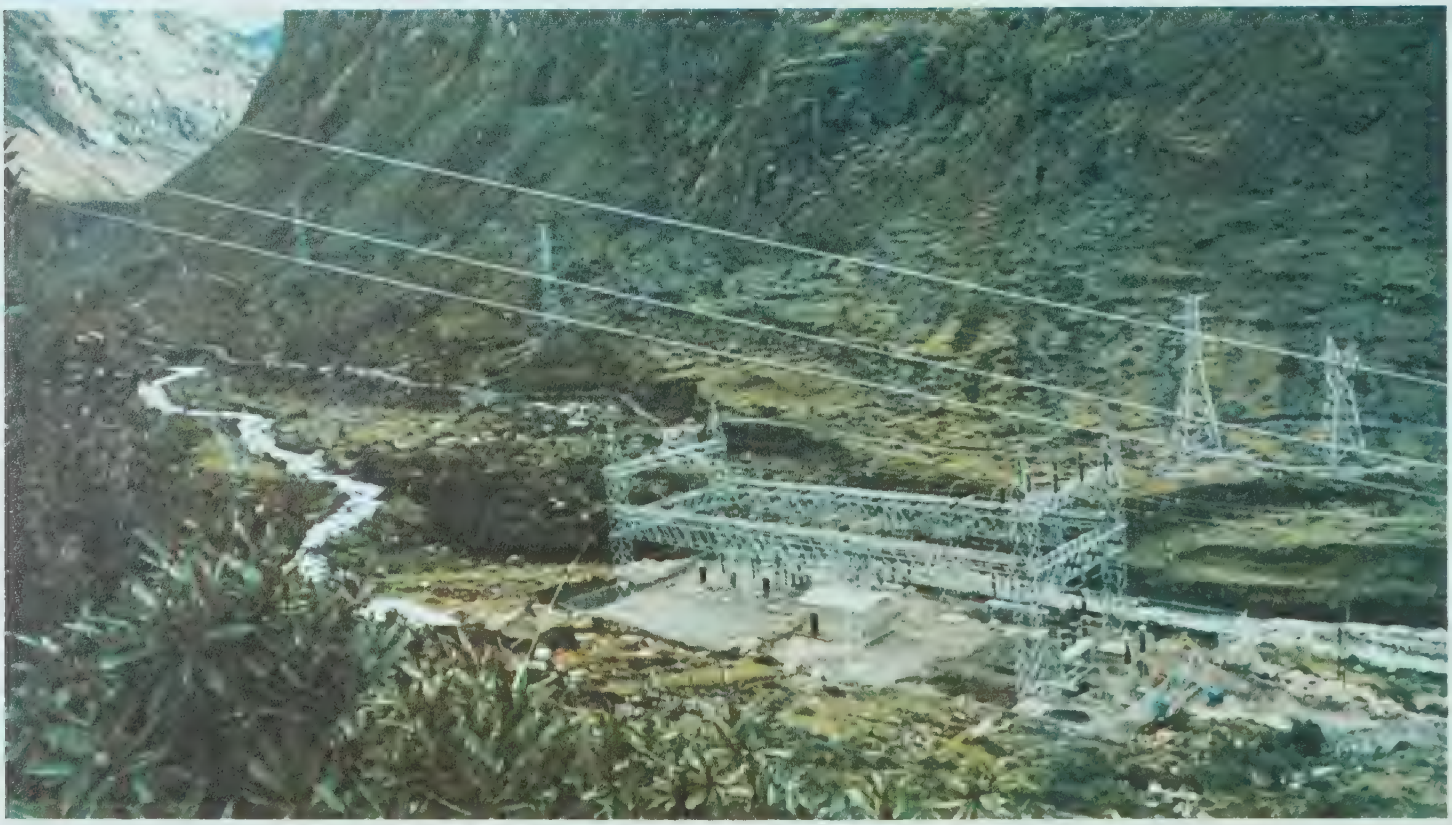
Of major interest was the commissioning in 1967 of five 2,300 kilowatt diesel engines at Spring Garden, the newly acquired property for use as a generating station. As mentioned last year, these units were financed through manufacturers' loans on favourable terms. Engineering studies are presently being carried out to determine the most suitable type of generating equipment that should be used to provide efficient and economic future service.

The program of extending the distribution system into new areas and rebuilding and strengthening the existing system to provide even higher quality service in this developing island will continue.

Typical construction in Bolivia of canal and tunnel, which carry water to Bolivian Power Company's high head hydro electric plants.

The beautiful Plaza de El Salvador del Mundo is a favourite spot for strolling in San Salvador, which is electrically served by Compañía de Alumbrado Eléctrico de San Salvador.

Modern switching station in the Zongo Valley recently placed in service. It will improve service reliability to the city of La Paz in Bolivia.



Canadian
International
Power
Company
Limited
and Subsidiary Companies

Annual Report 1967

1967 Highlights

	1967	1966
Consolidated Net Income	$ 11,753,344	$ 11,378,164
Preferred Stock Dividends	$ 325,939	$ 331,961
Earnings per Common Share	$ 4.92	$ 4.77
Common Stock Dividends	$ 3,712,410	$ 3,174,216
Electric Sales in kilowatt-hours	1,503,931,100	1,361,225,300
Number of Electric Customers	363,990	342,628
Capital and Replacement Expenditures	$ 15,459,573	$ 16,829,398
Installed and Purchased Generating Capacity (kilowatts)	541,035	505,867

Consolidated Balance Sheet as at December 31, 1967

(with comparative figures as at December 31, 1966)

(expressed in United States Currency)

Assets

	1967	1966
Property, Plant and Equipment (Note 3)	$183,019,485	$168,810,858
Investments and Other Assets		
Notes receivable and investments (Note 4)	8,451,424	9,943,655
Long-term accounts receivable	315,604	1,056,697
	8,767,028	11,000,352
Current Assets		
Cash	2,994,011	1,679,341
U.S. and Canadian bank term deposits	21,879,000	15,574,840
Other term deposits	812,391	579,043
Accounts receivable	8,553,828	6,880,977
Materials and supplies, at cost	5,441,555	5,604,830
Prepaid expenses	294,394	310,812
	39,975,179	30,629,843
Deferred Charges	573,606	670,023
	$232,335,298	$211,111,076

On behalf of the Board:

Wm. M. Hickey, Director.
M. G. Taylor, Director.

(see accompanying notes)

Liabilities

	1967	1966
Shareholders' Equity		
Capital stock (Note 5)		
Preferred stock	$ 6,260,813	$ 6,378,031
Common stock	17,646,448	17,577,518
	23,907,261	23,955,549
Appraisal increment to property, plant and equipment (Note 3)	20,201,429	20,201,429
Earned surplus	100,234,713	92,504,554
	144,343,403	136,661,532
Minority Interest in Subsidiary Companies	7,588,391	6,423,164
Long-term debt (Note 6)	19,955,427	7,296,031
Current Liabilities		
Bank loans	9,201,104	9,495,983
Accounts payable	2,994,857	2,823,040
Customers' deposits, including interest thereon	849,006	724,390
Income taxes payable	2,911,747	7,840,987
Dividends payable	1,019,252	858,662
Long-term debt, due within one year	1,390,152	1,637,098
	18,366,118	23,380,160
Accumulated Depreciation (Note 3)	39,933,040	35,031,061
Provision for contingencies	840,855	858,414
Customers' contributions for line extensions	1,308,064	1,460,714
	$232,335,298	$211,111,076

(see accompanying notes)

Consolidated Statement of Income

for the year ended December 31, 1967
(with comparative figures for the year ended December 31, 1966)
(expressed in United States Currency)

	1967	1966
Operating revenue	$40,492,345	$36,535,152
Operating revenue deductions —		
Operation and maintenance expenses	18,182,576	16,184,760
Taxes — Income (Note 7)	4,094,000	4,355,415
— Other	1,201,849	1,061,186
Provision for depreciation (Note 3)	4,872,039	4,177,703
	28,350,464	25,779,064
Operating income	12,141,881	10,756,088
Investment income	1,763,891	1,556,085
Gross income	13,905,772	12,312,173
Income deductions:		
Interest expense — Long term debt	879,173	290,159
— Other	799,274	640,707
Interest charged to construction — Credit	(130,458)	(504,804)
Minority interest	604,439	507,947
	2,152,428	934,009
Net income for year	$11,753,344	$11,378,164
Earnings per common share	$ 4.92	$ 4.77

(see accompanying notes)

Consolidated Statement of Earned Surplus

for the year ended December 31, 1967
(with comparative figures for the year ended December 31, 1966)
(expressed in United States Currency)

	1967	1966
Balance at beginning of year (including amounts segregated as legal reserves in the accounts of subsidiary companies)	$ 92,504,554	$82,224,697
Add:		
Net income for the year	11,753,344	11,378,164
Transferred from provision for contingencies	—	682,140
Other items — net	—	19,839
Discount less expenses on preferred shares purchased	15,164	14,461
Amounts transferred from capital surplus equivalent to the par value of preferred shares purchased and subsequently cancelled under supplementary letters patent	—	832,050
Exchange profit on redemption of preferred shares	—	1,433,927
	104,273,062	96,585,278
Deduct:		
Commission and expenses pertaining to the issue of shares	—	574,547
Dividends paid —		
Preferred shares — Can. $1.04 (1966 - Can. $1.03)	325,939	331,961
Common shares — $1.60 (1966 - $1.37½)	3,712,410	3,174,216
	4,038,349	4,080,724
Balance at end of year (including $4,078,500 in 1967 and $1,800,563 in 1966 segregated as legal reserves in the accounts of subsidiary companies)	$100,234,713	$92,504,554

(see accompanying notes)

Consolidated Statement of Source and Application of Funds

for the year ended December 31, 1967
(with comparative figures for the year ended December 31, 1966)
(expressed in United States Currency)

	1967	1966
Source of Funds —		
From operations —		
Net income for the year	$11,753,344	$11,378,164
Provision for depreciation	4,872,039	4,177,703
Interest charged to construction (credit)	(130,458)	(504,804)
Minority interest	604,439	507,947
	17,099,364	15,559,010
Long-term borrowings — Net	12,659,396	3,275,175
Preferred shares issued	—	5,960,049
Common shares issued under the stock option plan	68,930	234,014
Common shares sold by subsidiary companies to minority interests	803,822	1,036,493
Reduction (increase) in investments and other assets	2,233,324	(339,188)
	$32,864,836	$25,725,553
Application of Funds —		
Additions to property, plant and equipment	$15,459,573	$16,829,398
Less proceeds from disposals and other items	1,411,344	1,224,734
	14,048,229	15,604,664
Redemption of 6% preferred shares	—	18,758,923
Purchase for cancellation of 5.2% preferred shares	102,054	139,249
Dividends — preferred shares	325,939	331,961
— common shares	3,712,410	3,174,216
Dividends paid to minority shareholders	290,582	318,172
Other items	26,244	(84,056)
Increase (decrease) in working capital	14,359,378	(12,517,576)
	$32,864,836	$25,725,553

(see accompanying notes)

Notes to Consolidated Financial Statements
December 31, 1967

1 — Consolidation

The consolidated financial statements include the accounts of the Company and all its subsidiaries.

A summary of assets and liabilities of the companies by location is as follows:

	Venezuela	Bolivia	El Salvador	Barbados	Mexico	Canada	Total
Property, plant and equipment	$109,997,764	$37,956,225	$18,057,383	$16,733,915	$ 229,586	$ 44,612	$183,019,485
Investments and other assets	1,372,444	66,475	256,330	—	7,071,779	—	8,767,028
Current assets and deferred charges	9,234,303	4,041,464	2,186,453	856,366	1,647,972	22,582,227	40,548,785
	120,604,511	42,064,164	20,500,166	17,590,281	8,949,337	22,626,839	232,335,298
Current liabilities	12,344,747	828,081	2,315,821	1,454,334	141,672	1,281,463	18,366,118
Long-term debt	12,722,079	4,786,758	379,499	2,067,091	—	—	19,955,427
Accumulated depreciation, provision for contingencies and customers' contributions for line extensions	26,401,239	6,521,508	4,037,207	4,734,932	365,895	21,178	42,081,959
Minority interest	2,658,307	230,981	1,615,704	1,803,040	1,199,225	81,134	7,588,391
Net assets	54,126,372	12,367,328	8,348,231	10,059,397	1,706,792	1,383,775	87,991,895
	$ 66,478,139	$29,696,836	$12,151,935	$ 7,530,884	$7,242,545	$21,243,064	$144,343,403

2 — Translation of foreign currencies

Assets and liabilities and revenues and expenses in currencies other than U.S. dollars are translated as follows:

Current assets and liabilities, investments and other assets and deferred charges and long-term debt — at the rate of exchange prevailing at the year-end.

Fixed assets —

Venezuela and Barbados — at the rate of exchange prevailing at the dates the appraisal increments were recorded as set out in Note 3. Subsequent additions have been converted at the rate prevailing at acquisition dates.

Bolivia, El Salvador and Mexico — at the rate of exchange prevailing at acquisition dates.

Provisions for depreciation — at the same rates as those used for the translation of the related assets.

Revenue and revenue deductions — at average rates of exchange for the year except for Barbados, where the rate prevailing prior to devaluation, November 1967, was used to that date, and the post devaluation rate was used subsequent to devaluation.

3 — Property, Plant and Equipment and Depreciation

Venezuela —

Based on appraisals by Montreal Engineering Company Limited in 1962 and 1965, properties of three Venezuelan subsidiaries were increased by $18,939,031 and the accumulated provision for depreciation by $2,326,151 to state such properties on a basis of reproduction-cost-new less observed depreciation. Subsequent additions to properties are at cost.

Depreciation for the year represents the application to original plant cost of depreciation rates approved by the Venezuelan Income Tax Administration. The companies continue to provide for depreciation in excess of original cost until plant values represented by the revaluation adjustments have been fully depreciated.

Barbados —

Based on a valuation in 1965 by International Middle West Service Company of Chicago, properties in 1966 were increased by $5,266,348 and the accumulated provision for depreciation by $743,397 to state such properties on a basis of reproduction-cost-new less observed depreciation. Subsequent additions to properties are at cost.

Depreciation rates are applied to the appraised values on a straight-line basis.

The resulting increases from the revaluations of the Venezuela and Barbados properties (less the portion applicable to minority interests) are shown on the balance sheet as "Appraisal increment to property, plant and equipment."

Bolivia and El Salvador —

Properties of these companies are at cost. Depreciation rates are applied to that cost on a straight-line basis.

Management is of the opinion that provisions for depreciation for all subsidiaries are adequate on a service life basis.

4 — Notes receivable and investments

Government of Mexico — 6½% promissory notes payable semi-annually to January 15, 1977, received in connection with the sale of physical properties		$6,121,031
Fiveca S.A., Caracas, Venezuela		
Shares — 21.6% of share capital	$1,073,333	
8% notes due in monthly instalments of $11,111	211,111	1,284,444
Hotel Ra-Monterrey, S.A. de C.V., Monterrey, Mexico, 7¾% notes due to July 29, 1973 subject to renewal conditions		250,000
Other investments		795,949
		$8,451,424

5 — Capital stock

Preferred stock —

Preferred shares of the par value of Can. $20 each, issuable in series, of which 350,000 shares had been designated as 5.2% cumulative redeemable preferred shares, 1965 series —

	1967	1966
Authorized shares	1,986,133	1,992,458
Issued shares	336,133	342,458
Par value	$6,260,813	$6,378,031

The company is required to set aside out of the profits each year an amount of not less than Can. $70,000 for the purchase of preferred shares. During the year 6,325 shares, having an aggregate par value of Can. $126,500 (U.S. $117,218), were purchased and cancelled.

The 1965 series are redeemable at the option of the company at a premium of 4% to December 31, 1969, 3% to December 31, 1971 and 2% thereafter.

Common stock —

Common shares of no par value —

	1967	1966
Authorized shares	2,500,000	2,500,000
Issued shares	2,323,256	2,317,256
Stated value	$17,646,448	$17,577,518

Under a Stock Option Plan approved in 1957 for grants of shares to senior executives, there were outstanding at the beginning of the year 6,000 shares at Can. $12.35. During the year options for these 6,000 shares were exercised. The Board of Directors, on February 9, 1968 cancelled the 1957 Plan and, subject to shareholder approval, adopted a new Stock Option Plan for officers and key employees of the company and its subsidiaries. A maximum of 60,000 shares are reserved under the Plan, of which 51,500 shares were granted, at option prices which were not less than the market price of Can. $31.50 at the date of grant.

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6 — Long-term debt

Venezuela —	
8% notes due in annual instalments of \$500,000 to 1982 and \$420,000 in 1983	\$ 7,920,000
10% bonds due in instalments from 1971 to 1981	3,595,560
6% and 7% equipment notes due in annual instalments to 1976	1,980,805
	13,496,365
Bolivia —	
5½% loan from International Development Association through the Bolivian Government, due in annual instalments to 1989	4,910,600
El Salvador —	
7% and 8% notes due 1970 and 1972	417,736
6% equipment notes due in annual instalments to 1970	71,392
	489,128
Barbados —	
8% bank loan due in annual instalments to 1972	1,674,200
5½% equipment notes due in equal annual instalments to 1977	775,286
	2,449,486
	21,345,579
Less amounts due within one year included in current liabilities	1,390,152
	\$19,955,427

Term deposits aggregating \$7,920,000 have been provided as collateral for the Venezuela 8% notes.

7 — Income taxes

Income taxes otherwise payable for 1967 have been reduced by \$1,239,000 (1966 - \$672,000) as a result of credits permitted under Venezuelan Income Tax Law for new investments in property, plant and equipment.

8 — Remuneration of directors and senior officers —

The aggregate remuneration of directors and senior officers of the company totalled $239,000 (1966 - $213,000).

9 — Other matters

Subsidiary companies in Venezuela have received assessments aggregating approximately $1,530,000 from the Income Tax Administration in connection with the computation of the investment credit in prior years. These assessments are under appeal. No provision has been made as it is the opinion of the Company and its tax counsel that the assessments are not in accordance with the law.

Employees' service and severance indemnities required under the laws of Venezuela and Bolivia are charged to income when paid. At December 31, 1967, the maximum liability in the unexpected event of complete separation of all employees aggregated approximately $2,900,000, of which approximately $2,100,000 would be allowable for income tax purposes when paid.

Effective August, 1967, a pension plan, incorporating past service benefits, was established for the employees in El Salvador. Under the terms of the plan, contributions by the employees and the company to the fund are to be used for the payment of pensions or severance indemnities, at the option of the employee. An actuarial valuation of the plan presently being undertaken indicates a deficiency with respect to past services benefits of approximately $480,000. The company's contributions will include an amount sufficient to amortize the deficiency over a period of not more than thirty years.

An actuarial valuation of the employees' pension plan of the management services subsidiary in Canada indicates a deficiency with respect to past services of approximately $85,000 at December 31, 1967, which is to be charged to operations over a period of twenty-three years.

Auditors' Report

To the Shareholders of
Canadian International Power Company Limited:

We have examined the consolidated balance sheet of Canadian International Power Company Limited and subsidiary companies as at December 31, 1967 and the consolidated statements of income, earned surplus and source and application of funds for the year then ended. Our examination of the financial statements of Canadian International Power Company Limited and those subsidiary companies of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have been furnished with the reports of other public accountants with respect to their examination of the financial statements of the remaining subsidiaries, whose assets and operating revenues represent seventeen per cent and twenty-nine per cent of the respective consolidated totals.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1967, and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Canada,
March 28, 1968.

Arthur Young, Clarkson, Gordon & Co.
Chartered Accountants

Operating Companies Data

Operating Statistics	1958	1959	1960
Generating Capacity at December 31 (Installed Kilowatts):			
Hydro	66,250	66,250	66,250
Diesel	23,235	23,235	23,235
Steam	103,500	103,500	169,500
Gas Turbine	—	20,000	20,000
	192,985	212,985	278,985
Purchased Kilowatts (under contracts)	31,495	32,853	35,613
	224,480	245,838	314,598
Kilowatt-hours sold (thousands)	638,830	736,839	808,456
Operating Employees at December 31	1,600	1,584	1,556
Number of Electric Customers served at December 31	191,299	202,774	217,082
Financial Statistics (000's)			
Operating Revenue	$ 21,328	$ 22,830	$ 25,689
Operating Expenses and Taxes	10,723	11,570	13,921
Operating Income before Depreciation	10,605	11,260	11,768
Provision for Depreciation and Renewals	1,873	2,083	2,388
Capital and Replacement Expenditures for Property, Plant and Equipment	9,819	11,890	7,780
Fixed Capital Account — Property, Plant and Equipment at December 31	74,834	85,956	93,297

Note: 1958-1962 Combination of U.S. and Can. Dollars
1963-1967 U.S. Dollars and consolidation of Monterey and Oruro Subsidiary Companies.

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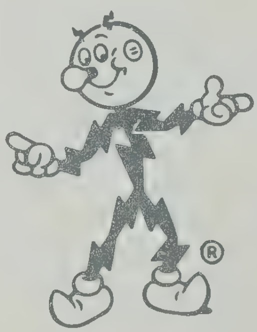
1961	1962	1963	1964	1965	1966	1967
66,250	66,250	66,250	66,250	66,250	92,735	92,735
23,235	29,115	43,682	49,200	58,903	58,307	72,561
169,500	169,500	174,500	174,500	174,500	240,500	240,500
20,000	20,000	20,000	20,000	33,200	47,600	61,350
278,985	284,865	304,432	309,950	332,853	439,142	467,146
39,442	44,875	48,346	52,785	62,490	66,725	73,889
318,427	329,740	352,778	362,735	395,343	505,867	541,035
855,066	899,910	988,928	1,085,382	1,177,509	1,361,225	1,503,931
1,456	1,367	1,770	1,828	1,940	1,995	2,065
228,153	238,524	281,198	294,484	317,580	342,628	363,990
$ 25,730	$ 23,404	$ 25,363	$ 28,167	$ 31,358	$ 36,535	$ 40,492
13,953	13,124	15,383	16,773	18,916	21,601	23,478
11,777	10,280	9,980	11,394	12,442	14,934	17,014
2,546	2,207	2,209	2,816	3,673	4,178	4,872
5,070	4,337	3,300	5,857	14,678	16,829	15,460
94,737	116,220	126,923	132,679	148,233	168,811	183,019



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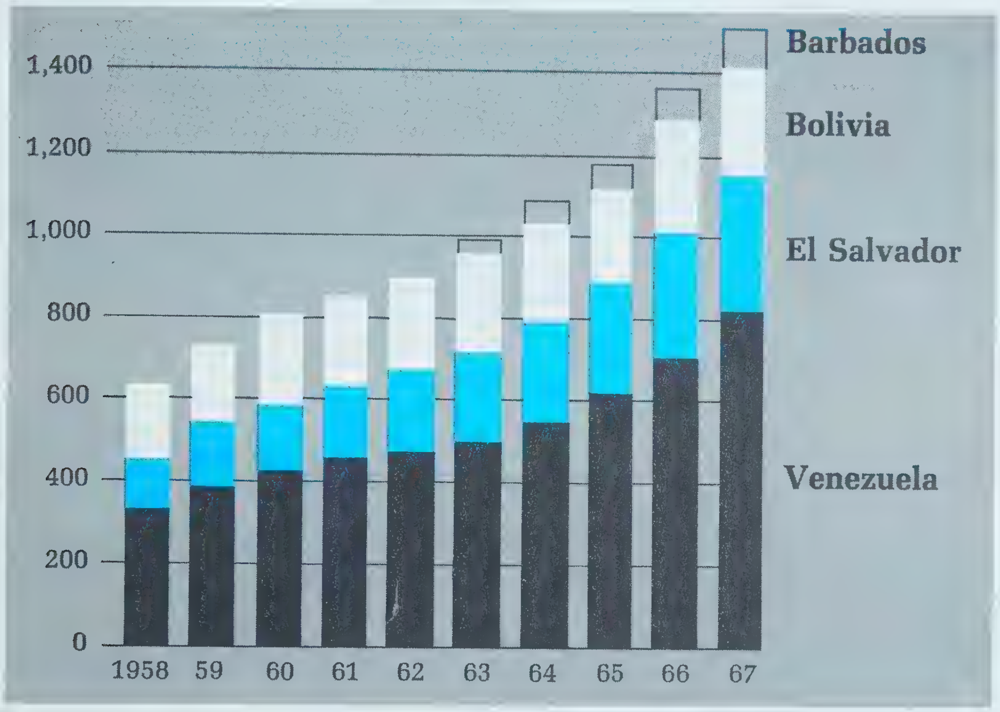
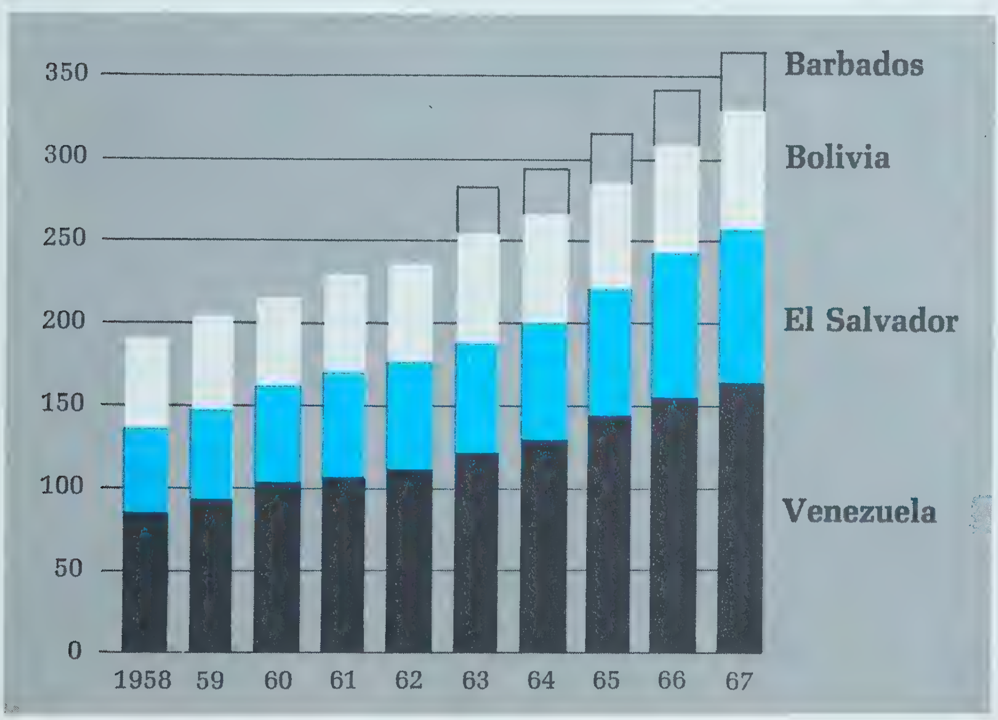
Consolidated Operating Companies



ELECTRIC ENERGY SALES – MILLIONS OF KILOWATT HOURS



ELECTRIC CUSTOMERS AT DECEMBER 31

VENEZUELA: The Story of José

Only half a dozen years ago, when José Elío Shepaike was barely four, and too young to remember, his parents were isolated mountain people, hunting with bows and arrows. Then he was called just Shepaike, or "Little Bird", and he was destined for the same future.

Today, with his two new Spanish names given him by the Capucine missionaries, José is a schoolboy along with over 200 other Yupa and Motilon Indians at the Mission Los Angeles del Tokuko. The only thing wild about him now is the gay abandon with which he takes part in the volleyball, or basketball, or any of the other sports they regularly play.

Yesterday, Venezuela's progress was passing José by unnoticed. Today, he speaks Spanish fluently, dresses well, has fine 10-year-old manners, works hard at his studies, and in every way is as much a part of the new Venezuela as any other schoolboy in the country.

José's first big step up was when he was brought to the mission. Then last year the new Venezuela came to José in a way that made a further major difference in his chances of succeeding in the modern world. Marching across the sun-baked land 50 kilometers from the cattle region's capital, Machiques, to tiny Tokuko mission village at the foothills of the Sierra de Perijá, a winding row of glistening poles brought the Energía Eléctrica power line to the mission. Now José could know about electric lights, refrigerators, hot and cold running water, and even an electric bench grinder to sharpen his tools.

Everyone knows that Venezuela's economic predominance over most other Latin American countries has come as a result of its great oil wealth. But that

The gleaming poles arrive at the Tokuko Mission.

was the old Venezuela. True, the oil boom is quite fabulous — and oil will continue to be a Venezuelan mainstay for a long time to come. But the great strengths of the new Venezuela are in the land, and the people. Not long ago, for example, Venezuela imported many foodstuffs. Now she grows practically everything she needs. And while Venezuelan industrial production is increasing rapidly, the growth of agricultural activity is even more vigorous.

One of the big reasons is that line of gleaming poles. With electric power, market gardeners can electrically pump well water for irrigation and turn the glaring desert into a Garden of Eden that will grow anything. Cattlemen can install electric milking machines to boost production, and then they know that if they also refrigerate their milk it gets a better price from the processors. While they are at it, they close in their homes to feel the cool joys of air-conditioning, only to find they have eliminated insects, dust and humidity at the same time.

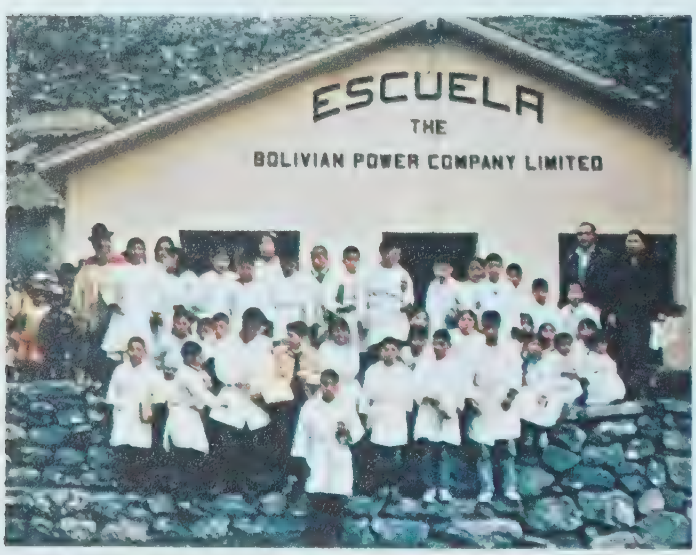
In another half dozen years or so, José Elío Shepaike, if he is a good enough scholar, could very well be on his way to enroll at the modern University of Zulia in Maracaibo. And after that, who knows.

Today, he's Venezuela's great hope and strength for the future. There is one thing José can be fairly certain of at this stage, now that he has been "civilized" — or perhaps it would be fairer to say "electrified"; for as long as he lives in Venezuela, José will probably never again be very far from those gleaming poles of C.A. Energía Eléctrica de Venezuela.

José and his friends on the road from the Mission farm.

BOLIVIA: The Roof of the World

At elevations of over 12,000 feet above sea level the air becomes too thin to give helicopters much lifting power, thus making them useless for transport work. Mountain climbers, whose only concern is getting there, slow down to conserve their energy in approaching this rarified atmosphere. For Bolivian Power Company Limited the Andes Mountains of Bolivia are where they have carried out the back-breaking work, much of it manual, of building roads, dams and canals, of erecting steel transmission towers and stringing high-tension cables for over forty years.



For moving heavy power plant machinery, a road is absolutely essential. To the hydro electric installations of the Company there is a road. In the need for economy, it is not much by modern engineering standards; a good deal of it was built by hand, and even experienced drivers tip their hats in the traditional gesture of gratitude after they have successfully negotiated the steep switchbacks where this road has been carved from the hillsides of the eastern range of the Andes Mountains. But it is solid enough for 30-ton trucks to haul the Bolivian Power Company's massive generating equipment into the canyon.

Not only does a road serve Bolivian Power Company's needs, it opens a territory whose produce can be economically delivered to city markets. Bolivian Power Company continues maintenance of all its roads, but turns them over to the Government for public use with consequent agricultural development of a region.

Today, as the demand for electricity grows, mechanization is more essential to build the larger projects within reasonable time and to achieve economy. Big yellow bulldozers rip through the canyon floor of the lower jungle to build a road for bringing in not only the heavy generating equipment, but the drills and air compressors to excavate for penstock footings, tunnels, canals and power house foundations for the latest plants. Steel cables haul material and equipment up 70 degree slopes to men building canals and tunnels that carry water high

above the deep canyon to drop up to one-half mile in a penstock to turn the turbines.

Bolivia, like most other South American countries, is a developing nation. Its population cannot afford expensive electricity. All construction is therefore carried out using, as much as possible, local facilities. This achieves economy and saves on much needed foreign exchange. For many jobs, in the very rugged terrain of the Andes, it has not been and is still not economical to build roads. To move supplies to the site of these jobs, the Company relies on the llama for transportation. This gentle beast knows the limitations of his lofty world and refuses to carry more than fifty pounds. Some cargo, however, cannot be broken down to this weight and mules must be used. The mule, like the llama, has a limited load capacity and bulky equipment is therefore man-handled up the steep hillsides.

The Company depends heavily upon the rugged Bolivian worker who has many skills handed down from his Inca forebears. When, for instance, a large boulder must be broken and mechanical equipment cannot be used, the skilled Bolivian stonemason will examine it as a diamond cutter studies a precious gem, picking out the cleavage planes that only he can recognize, and patiently with chisel and wedges, splits it. Although the Company utilizes native skills, workers are competent in the use of and operate mechanical drills and hammers, welders, bulldozers and other modern-day tools of the construction and utility industry.

In its remote operating locations, Bolivian Power Company provides teachers and schools for the children of its employees. These facilities are made available to non-employee residents of these areas, thereby developing the "Human Bedrock" of the nation.

At a higher level, scholarships are awarded to deserving needy Bolivians for technical studies abroad. At the present time two scholarship recipients are studying Engineering at McGill University in Montreal.

Over a distance of some 25 miles, the Zongo River drops about 10,000 feet, and along the way the surrounding mountain snow and glacier ice provide a continuing source of running water. Six Bolivian Power Company hydro electric plants strategically located down the canyon put the same water to work over and over again to squeeze out every kilowatt-hour for use in La Paz, the principal city of Bolivia. As the power needs of La Paz grow, Bolivian Power Company meets the demand by developing yet another generating site downstream.

The Company is very conscious that the area it serves must enjoy an adequate source of power at the lowest rates possible. For this reason, its Engineers are making an intensive study of the potential for hydro electric development in other nearby valleys when the Zongo will have been completely utilized. A heavy program of capital expenditures is in hand to ensure that new developments will be available to serve tomorrow's customers in La Paz.




EL SALVADOR: Our Man On The Go

Ingeniero Manuel Cano, Industrial Relations manager reporting on a day's activities in and around San Salvador:

7:30 a.m. Talked to service crews before they left to install new facilities to increase capacity for an important residential area in San Salvador. These are good men, and they are always excellent in this kind of thing, but it is good to remind them now and again that the public will judge them by their courtesy and understanding. The union representative was on hand for the meeting to give his encouragement.

8:30 a.m. Called on Justo at his dairy farm about 10 miles west of San Salvador. He is typical of many local farmers, who are gradually being convinced of the great part played by electricity in making farms more productive. He wanted to talk about the ways our services could help. He's a good example of why tiny, 8,300 square miles El Salvador earns its title of "The Little Giant of Central America", by accounting for about one-quarter of the total Central American production.

9:45 a.m. On the way back made courtesy call on Jorge Garcia, administrator of the Miguel Dueñas coffee estate. They employ about 1,600 workers at peak season on this one finca, and produce almost a million pounds of coffee a year. They are big electric power users, and good friends of CAESS (Compañía de Alumbrado Eléctrico de San Salvador). No problems here. The coffee crop has been excellent, and Garcia has nothing but good to say about our electric service.

11:00 a.m. Roberto Angelo Cajal, of the local Phelps Dodge factory, wanted to talk about his company's current expansion program, and CAESS' future requirements of copper and aluminum conductor and wire. Soon an addition to the factory will be inaugurated, which will give them a 110% boost in production. They say CAESS' rural electrification and rapid growth to date demanded that they locate a plant right in San Salvador. I pointed out that several other industries have located here to take advantage of the market created by our service reliability — a couple of outstanding ones being the air-conditioning manufacturer, the Ideal-Standard division of American Standard, and the Thermosol Company, making street lighting and general lighting fixtures.

2:00 p.m. Dropped into a government building briefly, and on the way out met two of our downtown businessmen. We talked shop and one brought up the possibility of

improving his office lighting and I arranged to have a technical representative call on him.

2:30 p.m. The San Salvador fire department, the "Bomberos", were getting safety instructions from the CAESS safety people on the special handling of electric lines, so I dropped by to see how the session was going. Not long ago the fire department used to have to wait until CAESS linemen arrived before they could tackle fires where power lines were involved. Now, following our training, most of their crews are fully able to safely disconnect any facilities on their own.

3:00 p.m. Visited a small rural school to which CAESS has contributed in several ways. One of our most important community programs involves trying to reach young children with a basic understanding of what electricity is, how it is used and distributed, what it can do for them, and of course, the safety precautions they should take. I told them about our specially prepared textbook that has been approved by the Minister of Education and explains the whole story of electricity and its development in El Salvador; and I explained how they could take advantage of our program of talks and films. Not long ago we contributed to the school's wiring and helped them with their sports facilities. One of our conditions for donating electric service to rural schools is that they provide adult night classes.

4:30 p.m. It was time I dropped in to see some of our scholarship students at the university, so I took advantage of a spare moment to call on a few of them. CAESS annually supports 20 students who can't attend on their own. For our support to continue, they must keep up their grades, so I keep a record of their progress and personally visit them two or three times each year. Like students everywhere, these young people are frequently exposed to radical political ideas, so I took this opportunity to chat with them about some of the benefits of the free enterprise system in which they live.

6:00 p.m. Attended the monthly meeting of the Red Cross Society of El Salvador of which I am a director. At the end of a day there is often a meeting of one of the nine organizations and clubs I belong to. We reviewed the Red Cross program for the country for the new year and considered ways and means for raising the necessary funds.

Barbados

Ashton Hall,
St. Peter.
10th Dec. 1967

Dear Marlene,

Next time you visit us you will get a surprise. We got electrictory in our gap now and the day before yesterday they connected our house. Already it is very useful, especially for reading at night. Teacher says if I am going to be a nurse sommeday I must study hard, which was very difficult before with the lamps. Mama is very happy becau-se she can see better for baking, cooking and not be so hot in the kitchen in the daytime. Also, we can do stitching at night which we couldn't do before. I am espacially looking forward to ha-ve a refridgirator so we can keep things and make ice for drinks. I think maybe first we will get an electric iron. The man from the Light and Power said it works much better and we don't need to use the stove any more so we can iron whenever we want. We played some games last night in the gap after it was dark because the street lights came on by themselves and made our gap bright just like in town. When the light in my room is out I can still read with the light from the gap but Mama says that bad for my eyes. Papa didn't want electricity when it came because he said it cost too much but the man from the Light and Power told us that's not so and we don't have to go to the store to get kersene oil anymore. I hope you can come to visit us soon and see what our gap is like since we got the electrictory.

Love,
Arlette Campbell.

Canadian International Power Company Limited

Board of Directors

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Vice-President, The United Corporation

E. Ryckman Alexander, *Montreal*
First Vice-President
Sun Life Assurance Company of Canada

Leo F. Daley, *Boston*
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Senior Vice-President,
Canadian International Power Company Limited

Frederick Krug, *New York*
Past President — Director,
Canadian International Power Company Limited

Alejandro J. Lara, *Caracas, Venezuela*
President, Fiveca, S.A.

*Paul W. Raymer, *Asheville, N.C.*
Director,
Canadian International Power Company Limited

Richard Joyce Smith, *New York*
Partner, Whitman, Ransom & Coulson,
Attorneys at Law, Co-Trustee, New York,
New Haven and Hartford Railroad Company

*Morley G. Taylor, *Montreal*
President,
Canadian International Power Company Limited

*Members of the Executive Committee.

Officers

William M. Hickey, *Chairman of the Board*
Chairman of the Executive Committee

Morley G. Taylor, *President*

John Kazakoff, *Senior Vice-President*

Frederic J. Ahern, *Vice-President*

Eric H. Campbell, *Vice-President - Finance*
and Secretary-Treasurer

Lawrence M. Howe, *Vice-President - Operations*

H. Robert Mullan, *Assistant Secretary-Treasurer*

Office

276 St. James Street West, Montreal, P.Q.

Transfer Agents

Montreal Trust Company

1695 Hollis Street, Halifax, N.S.

Place Ville Marie, Montreal, P.Q.

15 King Street W., Toronto, Ontario

Notre Dame at Albert Street, Winnipeg, Manitoba

8th Avenue at 3rd Street, Calgary, Alta.

466 Howe Street, Vancouver, B.C.

First National City Bank
55 Wall Street, New York, N.Y.

Registrars

Montreal Trust Company

The Chase Manhattan Bank
1 Chase Manhattan Plaza, New York, N.Y.

Canadian International Power Company Limited

Executive of Hemisphere Management Services Limited

Morley G. Taylor (1927), *President*
John Kazakoff (1938), *Vice-President*
Frederic J. Ahern (1951), *Vice-President*
Lawrence M. Howe (1941), *Vice-President*
Eric H. Campbell (1936), *Secretary-Treasurer*
H. Robert Mullan (1949), *Assistant Secretary-Treasurer*
G. Bruce Fairgrieve (1946), *Operations Co-ordinator*
Bruce F. Junkin (1947), *Operations Co-ordinator*
Andrew B. Biggar (1948), *Transmission and Distribution Co-ordinator*
H. W. Darryle Armstrong (1952), *Rates and Valuation Co-ordinator*
Franklin P. Krug (1955), *Personnel Co-ordinator*
Henning J. Porsaa (1957), *Budget Co-ordinator*
Frederick J. Flynn (1960), *Assistant to the President*
C. D. G. Pearson (1960), *Public Relations Co-ordinator*
Alan B. Creaghan (1965), *Legal Co-ordinator*

Executive of Operating Companies

Barbados John H. Nelson (1955), *General Manager*
Bolivia Archibald F. J. Sears (1942), *General Manager*
El Salvador David C. Mitchell (1953), *General Manager*
Venezuela Alexander E. Wilcox (1950),
President, Operating Companies, and General Manager, Maracaibo
Jean Van Tongelen (1964), *General Manager, Barquisimeto*

(Dates indicate date of first employment with associated companies)

Engineering Consultants

Montreal Engineering Company Limited

Auditors

Arthur Young, Clarkson, Gordon & Company

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Subsidiary Companies

Canada

International Power Company Limited
Hemisphere Management Services Limited

Barbados

The Barbados Light & Power Company Limited

Bolivia

Compañía Boliviana de Energía Eléctrica S.A. — Bolivian Power Company Limited
Empresa de Luz y Fuerza Eléctrica de Oruro

El Salvador

Compañía de Alumbrado Eléctrico de San Salvador

Mexico

Monterey Railway, Light & Power Company
Compañía Territorial Mexi-Cana S.A.

Venezuela

Empresas Eléctricas Venezolanas, Sociedad Anónima
C.A. Energía Eléctrica de Venezuela (Maracaibo)
La Electricidad de Perijá C.A.
C.A. Energía Eléctrica de Barquisimeto
C.A. Planta Eléctrica de Carora

The illuminated sign identifies the office of the largest of Canadian International Power's subsidiaries, C.A. Energía Eléctrica de Venezuela, which supplies electricity to the vibrant city of Maracaibo and vast rural areas of the State of Zulia profitably assisting in the rapid growth of the industrial and rural sectors.